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UNCLAS SECTION 01 OF 02 SANAA 001091

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SUBJECT: PL-108-7 TRANSPARENCY AND ACCOUNTABILITY REPORT
-YEMEN

REF: SECSTATE 100294

1. (U) Below is Post's response to the information requested in ref A.

A. Does host government publish national budget in a timely manner?

Answer: Yes, with minimum delay.

B. Where Subnational levels of government are significant, are their combined fiscal position published.

Answer: No, not relevant.

C. In what form is the National Budget published?

Answer: In newspaper and private media.

D. Please rate the quality and comprehensiveness of fiscal data published.

Answer: 2. Limited System of budget reporting, monitoring with limited classification system. Some payments arrears and deviations between actual expenditures and amounts budgeted.

E. List up to 5 key laws and/or regulations governing public disclosure of revenues and expenditures in the national budget.

Answer: The Financial Law No. (8) of 1990 and amendments

Central Statistics Organization No (28) of 1995

Law No. 3 of 1997 regarding Government Tendering, Auctions and Purchases.

Central Bank of Yemen Law No. (14) of 2000

Note: Each Fiscal year budget is issued by a law, and each development plan is issued by a law.

F. Assess adequacy of those laws and regulations establishing fiscal transparency and accountability requirements.

Answer: 3. Detailed Comprehensive.

G. Assess extent to which laws and regulations on fiscal transparency and accountability are implemented or enforced.

Answer: 2. Sporadically/unevenly enforced.

H. How would distribution of tax powers and expenditure responsibilities of central government be described?

Answer: 2. Currently being clarified.

I. Does a national audit body or equivalent organization independent of the executive provide reports for the legislature and the public on the financial integrity of government accounts?

Answer: No.

J. How would the link between nonfinancial public/state owned (e.g. extractive industries) enterprises and general government be described?

Answer: 2. Limited independence of spending/procurement

K. Are privatization processes transparent and published?

Answer: 2. Moderately transparent.

L. How would the reliability of budget revenue and expenditure estimates best be described? Answer: 2. Moderately reliable.

M. Short description of host government commitment to fiscal transparency and accountability.

Answer: The Central Bank and Ministry of Finance are committed to fiscal transparency and publish their statistics on the internet, in bulletins and in local media. Local NGOs have been active in anti-corruption issues, and the World Bank began a program in 2001 working on judicial reform and corruption issues.

While Yemen has fundamentally sound investment laws, labor laws, customs tariff regulations and tax laws, transparency of implementation and enforcement is elusive. The next steps required in Yemen's civil service and administrative reform process are to clarify procedures, create implementing regulations and build a mechanism to enforce these standards. The formal judicial system is widely regarded as inefficient and corrupt. Parliament has not passed a pending financial disclosure law, and Central Bank oversight of government accounting practices is considered weak. End Answer.

1N. Please list U.S. governments-sponsored programs and activities that promote accurate disclosure of revenue and expenditure in the national budgets of your host country.

While post has no specific programs that promote accurate disclosure of revenues and expenditures in the national budget, post works to promote transparency and accountability of budgets and expenditures in all the assistance programs provided by the USG.

HULL